

SUGAR AND PLANTATION NEWS

BIG LESSON TO BE LEARNED FROM HISTORY OF THE SUGAR CROP FOR YEAR JUST ENDED

SHOWS THAT ONLY GUARANTEE OF A PERMANENT SUPPLY TO AMERICAN CONSUMERS IS TO BE FOUND IN MAINTENANCE AND DEVELOPMENT OF LOCAL INDUSTRY

(From Facts About Sugar, January 15.)

The year 1914 was in many respects the most remarkable in the history of American sugar production. It opened most inauspiciously.

The 1913-14 crop of home-grown sugar was the largest in the history of the country, amounting to 2,000,000 long tons, more than a quarter million tons in excess of the previous year's output. Added to this was a record-breaking Cuban crop of almost 3,000,000 tons, which, by reason of the tariff preference enjoyed by Cuban sugar entering the United States, naturally would seek this market.

The amount of sugar available for the American market from its usual sources of supply, therefore, was over 5,000,000 tons in excess of the nation's consumption in 1913, pointing inevitably to a period of low prices.

Lowest Price In Years.
During the latter part of December 1913, the net price of refined sugar in New York, confronting this enormous supply, sank below 4 cents a pound for the first time in many years, and the average cash price during January, 1914, was over half a cent a pound below the average for the same month in 1913.

Reduction of Tariff.

A menace more serious to the American sugar producer than the temporary loss caused by unremunerative prices was the fact that on March 1, 1914, there went into effect a 25 per cent reduction in the tariff rate on foreign grown sugar imported into the United States. This was the first step toward the entire removal of the customs duty on sugar, scheduled to take effect on May 1, 1915.

Complete Reversal of Policy.

It marked the complete reversal of the policy of encouragement of sugar production in the United States, which previously had been followed almost continuously by the federal government, and under which the growth of sugar from American soil had increased to a point where it supplied nearly one-half the sugar used in the country.

Effect on Domestic Sugar.

The new policy looking toward the elimination of the domestic sugar industry and to the purchase of the sugar needed by the United States from foreign countries.

In view of the fact that everything required by the American sugar producer in making his crop—buildings, machinery, supplies, and especially labor—costs him more than similar items in various tropical cane growing districts, and in the European beet growing countries, it was obviously impossible for him to continue in business beyond 1916 under the conditions presented at the beginning of the year.

Decreased Acreage Planted.

Many producers, feeling it useless to attempt to continue under the discouraging conditions facing them, or finding it impossible to finance their operations, abandoned the industry.

Effect of British Purchases.

Eleven of the seventy-one beet sugar factories operating in 1913 closed their doors and made no contracts for beets to be grown in 1914.

Growers made smaller plantings, and the area sown to beets was reduced by 135,000 acres.

Forty Louisiana Plantations Quit.

In Louisiana over forty mills and plantations went out of business, many of the properties going into bankruptcy or being disposed of at forced sale.

In Porto Rico half a dozen centrals were placed in the hands of receivers.

During the early months of the year the pressure of the heavy supplies of domestic and Cuban sugars coming upon the market forced prices to still lower levels.

The reduction in the tariff rate on March 1 undoubtedly had an influence in this direction by causing producers to rush their product to market earlier than they otherwise would have done.

During the period from the early part of March to the beginning of May refined sugar averaged 3 1/2 cents a pound in the New York market.

Refiners Secure Control.

With the coming of May new influences began to make themselves felt. By that time practically all the domestic sugar of the 1913-14 crop had been sold, leaving the market entirely to Cuban sugar. This had to pass through the hands of the big seaboard refiners on its way to the consumer, thus giving the refiners control of the situation.

By this time also the period for planting the new domestic crop had ended and it was known that the amount of home-grown sugar, both beet and cane, would be decidedly decreased during the ensuing season.

Considerable amounts of Cuban sugar had been sold to England, thereby reducing somewhat the available Cuban supply by the United States.

Recovery of Prices.

By the middle of May the wholesale price of refined sugar in New York had returned to the same point it had occupied during the earlier part of the year, thus eliminating any difference represented by the reduction in tariff.

A week later sugar was selling for the first time during the year at exactly the same level as on the corresponding date in 1913.

In June the cash price of refined sugar was 4.214 cents a pound, and it continued at this level to the end of July. **Effect on Refiners' Margin.**

It is noteworthy that, following the reduction in the tariff, during the period from March to the end of July, the refiners' margin which had been low during the first two months of the year, took a decided advance.

This refiners' margin is the difference between the price of raw and refined sugar on a given date, and therefore includes both the profit made by the refiner and the cost of refining. It is not absolutely exact, as the refined sugar may have been made from raws purchased perhaps two weeks earlier, so that on an advancing market the actual profit would be greater and on a declining market less than that shown by the figures for the day. Except in a violently fluctuating market, however, it is sufficiently exact to be used for purposes of comparison.

Refiners' Profits Doubled.

As against an average of 49.3 cents a hundred pounds during January and February, the refiners' margin increased to 81.1 cents during the period from March to August.

In other words, the price of refined sugar did not decline to the same extent as the price of raws during the earlier part of this period, nor did raws advance equally with refined when the improvement in prices set in. Thus the refiners were able to increase their profits very materially.

Growers Alone Are Hit.

The price of refined sugar was the same as before the reduction in the tariff; consumers were paying the same for their sugar; the growers alone were receiving less for their product. This situation was exactly as had been predicted by the producers in the event of reduction or removal of the customs duty on imported sugar.

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WEEKLY RANGE OF SUGAR PRICES DURING 1914.

SOLID PORTION REPRESENTS COST OF RAW SUGAR.
SHADED PORTION REPRESENTS REFINERS' MARGIN.
ENTIRE COLUMN REPRESENTS WHOLESALE PRICE OF REFINED SUGAR.

PREPARED BY J. A. BROCK

WILLET & GRAY'S SUGAR TRADE JOURNAL



RANGE OF SUGAR PRICES DURING 1914

Refiners' Net Cash Prices—Cents Per Pound—Quotations from Willett & Gray's Sugar Trade Journal

| Date | Raw | Refined | Refiners' Margin | Date | Raw | Refined | Refiners' Margin |
|--------|-------|---------|------------------|---------|------|---------|------------------|
| Jan. 2 | 3.23 | 3.92 | .69 | July 2 | 3.32 | 4.214 | .894 |
| 8 | 3.23 | 3.92 | .69 | 9 | 3.26 | 4.214 | .954 |
| 15 | 3.23 | 3.92 | .69 | 16 | 3.26 | 4.214 | .954 |
| 22 | 3.655 | 3.92 | .365 | 23 | 3.26 | 4.214 | .954 |
| 29 | 3.48 | 3.92 | .44 | 30 | 3.29 | 4.165 | .875 |
| Feb. 5 | 3.48 | 3.92 | .44 | Aug. 6 | 4.26 | 4.90 | .64 |
| 11 | 3.48 | 3.92 | .44 | 13 | 6.52 | 6.86 | .34 |
| 19 | 3.42 | 3.92 | .50 | 20 | 6.00 | 7.35 | 1.35 |
| 26 | 3.39 | 3.92 | .53 | 27 | 6.02 | 6.86 | .84 |
| Mar. 5 | 3.01 | 3.92 | .91 | Sept. 3 | 6.01 | 6.86 | .85 |
| 12 | 2.65 | 3.822 | .872 | 10 | 6.29 | 7.105 | .835 |
| 19 | 3.01 | 3.773 | .763 | 17 | 5.80 | 7.105 | .935 |
| 26 | 2.95 | 3.773 | .823 | 24 | 6.02 | 6.125 | 1.105 |
| Apr. 2 | 2.92 | 3.773 | .853 | Oct. 1 | 5.01 | 6.37 | 1.36 |
| 9 | 2.92 | 3.675 | .755 | 8 | 5.92 | 6.325 | 1.105 |
| 16 | 2.94 | 3.675 | .695 | 15 | 4.51 | 5.88 | 1.37 |
| 23 | 3.01 | 3.735 | .725 | 22 | 4.26 | 5.782 | 1.522 |
| 30 | 3.04 | 3.735 | .695 | 29 | 3.64 | 5.488 | 1.848 |
| May 7 | 3.14 | 3.892 | .692 | Nov. 5 | 3.45 | 4.90 | 1.45 |
| 14 | 3.20 | 3.92 | .72 | 12 | 4.07 | 4.90 | .83 |
| 21 | 3.32 | 4.018 | .698 | 19 | 4.01 | 4.998 | .988 |
| 28 | 3.39 | 4.116 | .726 | 26 | 4.04 | 4.998 | .958 |
| June 4 | 3.32 | 4.116 | .796 | Dec. 3 | 3.95 | 4.90 | .95 |
| 11 | 3.32 | 4.116 | .796 | 10 | 3.95 | 4.90 | .95 |
| 18 | 3.32 | 4.214 | .884 | 17 | 3.95 | 4.753 | .803 |
| 25 | 3.32 | 4.214 | .884 | 24 | 4.01 | 4.753 | .743 |
| | | | | 31 | 4.91 | 4.851 | .841 |

SUGAR CROP OF 1915 IS MOVING RAPIDLY

More Than 53,000 Tons of This Year's Estimated Output Has Gone to Refineries

Approximately 55,000 tons of sugar, to be exact, 53,666 tons of the 1915 Hawaiian crop have been shipped to the refineries on the Atlantic and Pacific seaboard to date, according to the figures on file at the Sugar Factors yesterday. With an estimated output of more than 600,000 tons for the year will be seen that the growers have planned well to get their output to the refineries well before the close of the present year.

"We do not believe that the loss of the steamer Washington will seriously cripple us," said one of the planters yesterday. "Though the war has placed ships at a premium, arrangements were made early last year and before the European difficulty was thought of, which insures us ample tonnage to handle our sugar during 1915 at least."

Matson company steamers are carrying practically capacity cargoes of sugar to the Pacific Coast, while the American-Hawaiian Company has practically a ten-day schedule of steamers between Hawaiian Island ports and Delaware Breakwater from now until the end of the season.

The Arizona was the last to sail for the Atlantic by way of the Canal, leaving Hilo January 19. She carried a cargo of 10,870 tons of sugar. The American-Hawaiian steamer Columbian is due to sail from the Crescent City port tomorrow morning, bound for the Breakwater. She will carry 11,000 tons of sugar.

The steamer Georgian is due here from the Coast today. After discharging her local cargo she will proceed to Hilo to take on sugar, leaving there for the Atlantic early in February, carrying about 5300 tons of sugar.

below 5 cents for the first time since August, and at the end of the month raw sugars declined below 4 cents.

Why Prices Strengthened.
During December the market for raw sugar strengthened somewhat on account of heavy rains in Cuba which held back the new crop in the island, and because of the growing conviction that the European war would last at least through 1915 and would maintain prices at or near their present level, or possibly even lead to an advance later in the year.

Four Distinct Periods.
So far as the sugar industry is concerned, the year 1914 has been divided into four distinct periods.

(Continued on Page Eight)

BELIEF IS SUGAR WILL REMAIN FIRM

Crop Conditions in Cuba and General Situation Makes Planters Hopeful

"There is no reason why sugar should not hold at a firm price throughout this year," said a well known sugar planter yesterday in response to a request for an opinion regarding the quotations which were called from New York yesterday morning. It was reported that the holders of raws in the eastern metropolis were holding out for 4.08, while the refiners were ofering 4.02 with sales of Porto Rico sugar at 4.01 reported. Afternoon prices from the eastern seaboard showed that 4.08-1.5 was being offered for sugar.

"Recent reports from Cuba," continued the sugar man, "indicate that the crop conditions are far from satisfactory. Great Britain went into the market extensively at the outbreak of the war and bought considerable sugar. F. O. B. around four cent per pound. This is one of the big factors that hold the price so steady during the close of last year. Great Britain has not been in the market for sugar for some time and whether its supplies are sufficient to hold out for some time we are not certain."

"It is certain, however, that more sugar will be needed than now seems in sight and this gives rise to the hope that the prices will at least remain around present quotations throughout the year."

CALIFORNIA RICE MILL IS PROVING SUCCESS

Advices received in Honolulu yesterday announced that the new rice mill of Phillips & Company at Sacramento, California, has been started and is now working to capacity. The mill has a capacity of three thousand bags per day and has enough paddy in sight to keep it busy indefinitely.

The first shipment consisted of forty carloads of fifteen tons each from Colusa county, California. This is one of the comparatively new rice districts of the United States and its product is said to come well up to the standard.

In addition, the Sacramento mill is handling rice from Hawaii, Texas and Louisiana and is said to be one of the largest in the United States.

SUGAR MARKET AFFECTED BY WEATHER IN CUBA

Willett & Gray Review Conditions Prevailing During Week Ending January 14

(From Willett & Gray's Statistical and Sugar Journal of January 14)

The changes in quotations for 96 degree centrifugals during the week under review have been from 4.11c per pound, duty paid, on Thursday to 4.04c on Monday, and remaining unchanged since except as to one purchase Wednesday at 4.11c for immediate use, by the National, and followed by sales of some 150,000 bags Cuba for prompt and January clearance at 3.132c (4.04c).

The market conditions have been entirely influenced by Cuban weather conditions, and as advices received daily from Cuba reported rain or unsettled conditions, holders advanced their views until 3.132c c. & f. (4.11c) was asked for nearby sugars. This price was not obtained but in instances 3.332c c. & f. (4.11c) was paid.

The other January positions were based on the time of clearance from Cuba, the earlier the date the more was asked.

However, improved weather conditions in Cuba at the close caused generally easier conditions, with the result that the 150,000 bags noted above was placed at 3.132c c. & f. (4.04c), at which we quote spots.

Practically all refiners participated in the buying, showing a confidence in January values while not taking an interest in February or other months at the same basis.

The lack of demand for later than January shipment comes from the evidently delayed but still expected reaction in prices to the lowest limits of the campaign, produced by the recent increased production from January to March.

It is indeed a rare year when values of Cuba sugars are able to be maintained as now in January, and it is by no means certain that this season is to be exceptional in this respect; in fact as the week closes, there are indications that the usual reduction in values is about to take place.

As to the extent of such reduction, there are certain features to be considered which may bring it within limits of previous years, such as the amount sold and awaiting shipment to the United Kingdom, which quantity, however, appears to be now within control of shippers without delay.

Transportation Rates.
An element of interest to the Cuban planter is the difficulty of obtaining transportation at rates of freight ruling in previous years. A decided increase

in cost and freight values may come from this cause and give the planters less net prices. Still the margin is sufficient to not materially interfere with shipments.

February shipments can be had probably at 2.15-16c c. & f. (3.95c), but thus far buyers limit purchases to January deliveries, sentiment thus far being towards a lower basis for February-March sugar.

We are not influenced by recent reports of rains and reduced sugar content of the cane to change our Cuba crop estimate from 2,600,000 tons. Mr. Himey, however, has considered these conditions as indicating a reduction of 100,000 to 150,000 tons from his estimate of 2,664,286 tons. We consider it too early in crop season to say that present drawbacks may not be fully recovered later on under favorable weather conditions.

NEARLY \$700,000 GOES TO BOTTOM

Washingtonian Carried More Than a Half Million Dollar Sugar Cargo

Pineapples and Coffee Make Up the Balance—Was Fully Insured

More than eight thousand tons of sugar, together with nearly four hundred tons of choice canned pineapples and a quantity of Hawaii coffee were lost in the Atlantic off the Delaware Breakwater with the sinking of the American-Hawaiian steamer Washington yesterday morning. The value of the sugar was approximately \$600,000. The value of the pineapples and coffee will bring the total value of the cargo of the lost steamer up to about \$700,000. Fortunately all of this is adequately covered by insurance.

However, the loss of the Washingtonian will prove a hard blow to the steamship company, especially in these times when the price of the average big freighter can be earned by one or two trips across the Atlantic. But local shipping men state that it will not seriously interfere with the movement of the Hawaii sugar crop for the reason that the American-Hawaiian company will see to it that ample bottoms are furnished to handle all the sugar that can be offered by these islands during the present year.

Cleared From Hilo.
The Washingtonian cleared from Hilo December 30 last bound for Delaware Breakwater by way of the Panama Canal. It carried, to be exact, 8200 tons of sugar together with 362 tons of canned pineapples and a quantity of Hawaii coffee.

Of the sugar, 4708 tons were from plantations represented by Alexander & Baldwin; 1987 tons came from plantations represented by Mackfield & Co.; 478 tons were from plantations represented by Theo. H. Davis & Co., while Brewer & Co. carried the pine announced at the beginning of the year.

"The planters will suffer no loss as a result of the sinking of the Washingtonian," said a plantation man yesterday. "There is not a pound of sugar shipped from Hawaii but is fully insured. So far as I can recall this is the first serious loss the insurance companies have suffered on sugar cargoes since the sinking of the Kaiser's ship into Valparaiso, Chile, about fifteen years ago, after. The blame, however, was extinguished without much damage to the sugar cargo."

Schedule Not Affected.
"The loss of the Washingtonian, in my opinion, will not seriously interfere with the schedule of the American-Hawaiian company and the 1915 crop without delay will be moved with but little change from the plan announced at the beginning of the year."

No details as to how the accident occurred were received in Honolulu yesterday. The news came first to the Sugar Factors in the following cable from New York:

"Washingtonian sunk today off Delaware. In a total loss."

Refiners were willing to take orders at 4.55c less 2 per cent, but since they have become firm at 4.04c, regular terms, only a small business has been done.

Refiners announce that freight basis to points in Ohio, Kentucky and States to north and west of these States will advance January 15, 1915. The increase is approximately 5 per cent.

Cuba Crop.
Expected Reduction in Estimate—Mr. H. A. Himey, of Havana, cabled the following to the Federal Sugar Refining Co. on January 12, 1915:

"It is improbable that my estimate of 2,664,286 tons will be realized, owing to delay in starting, and the yield which I expect will continue poor throughout the entire crop. Under normal weather conditions from now on, the crop will probably be 100,000 to 150,000 tons less than my estimate."

Louisiana Crop.
Latest advices from New Orleans state that the output of that crop is now estimated at 165,000 tons.

Good Results in Mexico.
MEXICO,